Virginia Department of Rail and Public Transportation

The Smartest Distance Between Two Points

Annual Budget
Revised Fiscal Year 2009

CTB Approved
February 13, 2009

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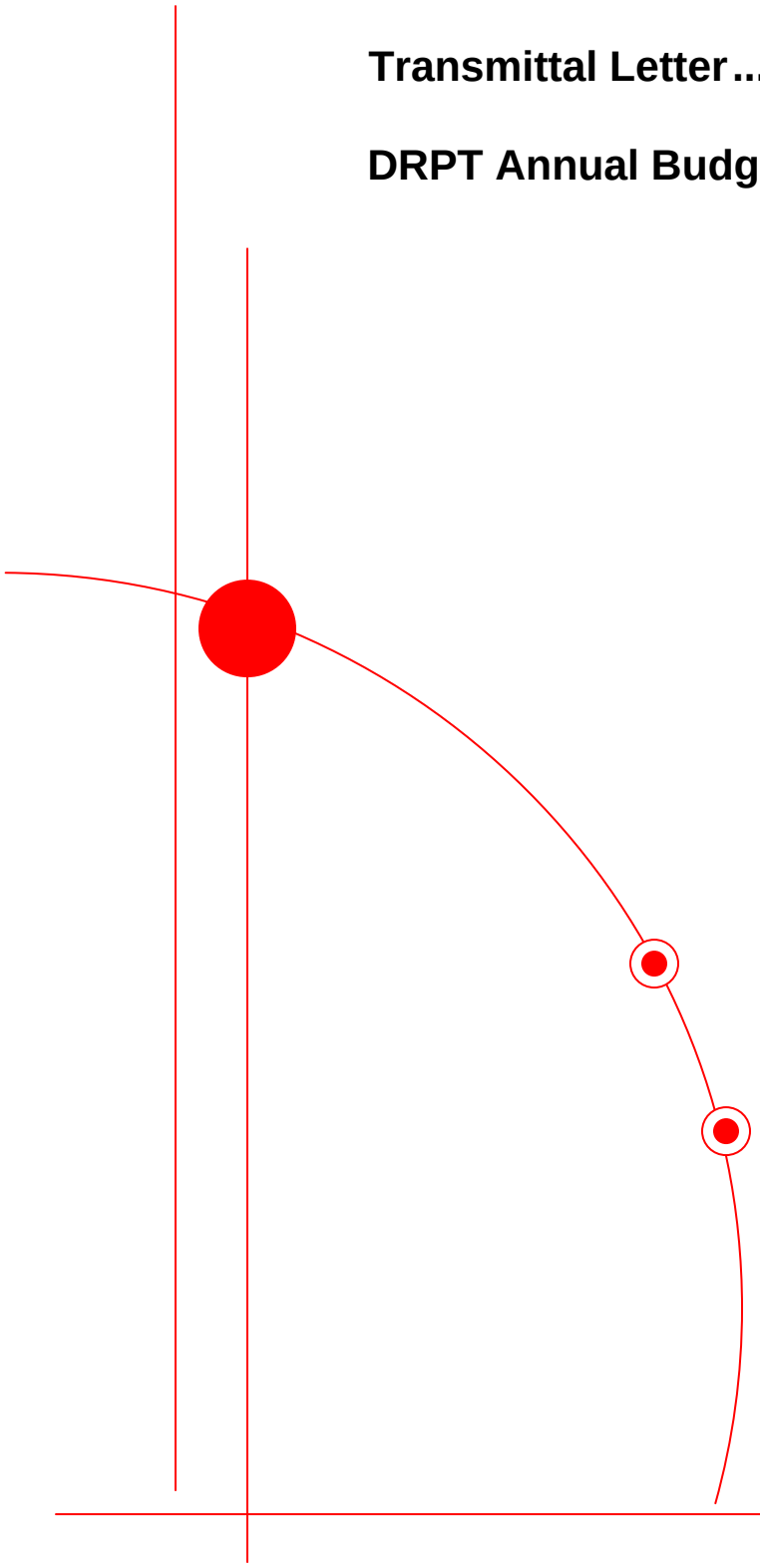

COMMONWEALTH of VIRGINIA

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February 10, 2009

Secretary Pierce Homer, Chairman
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Mr. Jim D. Bowie
Ms. Mary Lee Carter
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Mr. John J. "Butch" Davies, III
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Mr. Dana M. Martin
Mr. Gerald P. McCarthy
Mr. Peter B. Schwartz
Mr. Cord A. Sterling
Mr. Kenneth Spencer White
Mr. Alan S. Witt

Dear Members of the Board:

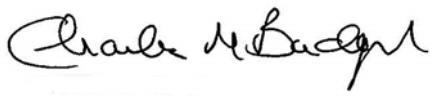
As you are aware, the estimated FY 2009 transportation trust fund revenues have suffered significant declines during the past six months. This decline in revenue has prompted a mid-year revision to the FY 2009 Six Year Improvement Program as well as our annual budget. The Revised FY 2009 Annual Budget for the Virginia Department of Rail and Public Transportation is presented in this document for your approval.

Proposed expenditures for the revised FY 2009 budget total $509.7 million – a $161 million decrease from the budget approved by the CTB in June of 2008. This decrease results from two factors: the declining transportation trust fund revenues and the transition of the Dulles Toll Road and management of the Dulles Metrorail project to Metropolitan Washington Airports Authority in November of 2008. Due to the Metrorail transition, $99 million of FTA funding and $46 million of toll road funding will no longer be processed through DRPT's financial system of controls. The remaining decrease results from the revenue reductions which impact all of our core programs as documented over the past several months.

The FY 2009 budget supports several high priority initiatives including the construction of The Tide light rail system in Norfolk, final design of the Dulles Corridor Metrorail Project, a Bus Rapid Transit initiative in Richmond, and transit service expansions statewide. Funding has been identified to support passenger and freight rail initiatives identified in the Statewide Rail Plan, in addition to current projects in the I-95 and I-81 rail corridors, and VRE service improvements. We are continuing to encourage economic development through the Rail Preservation program, and our human service transit program has been enhanced to support Virginia's growing senior population.

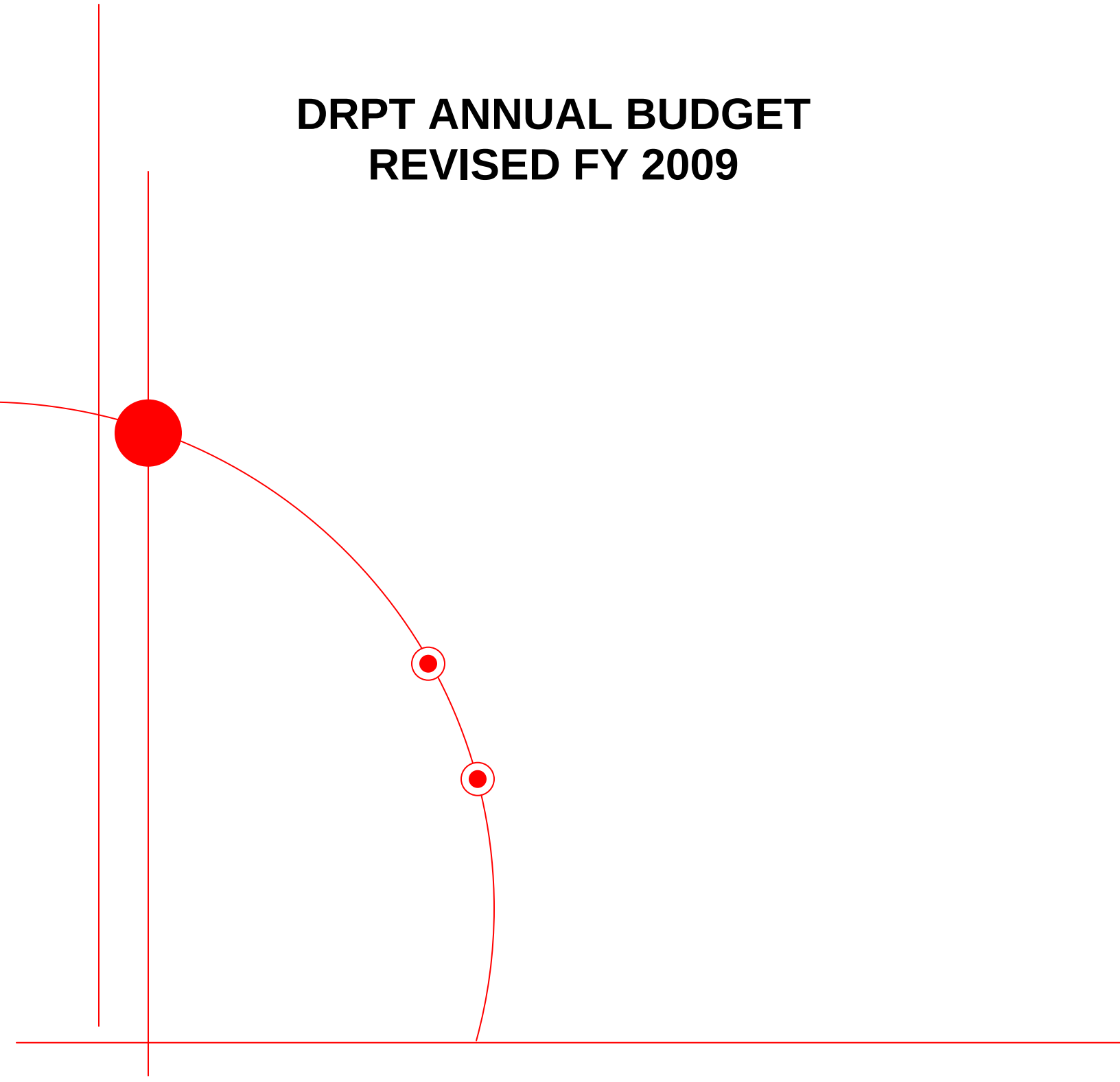
We look forward to working with the Commonwealth Transportation Board to advance the programs and projects in our FY 2009 budget.

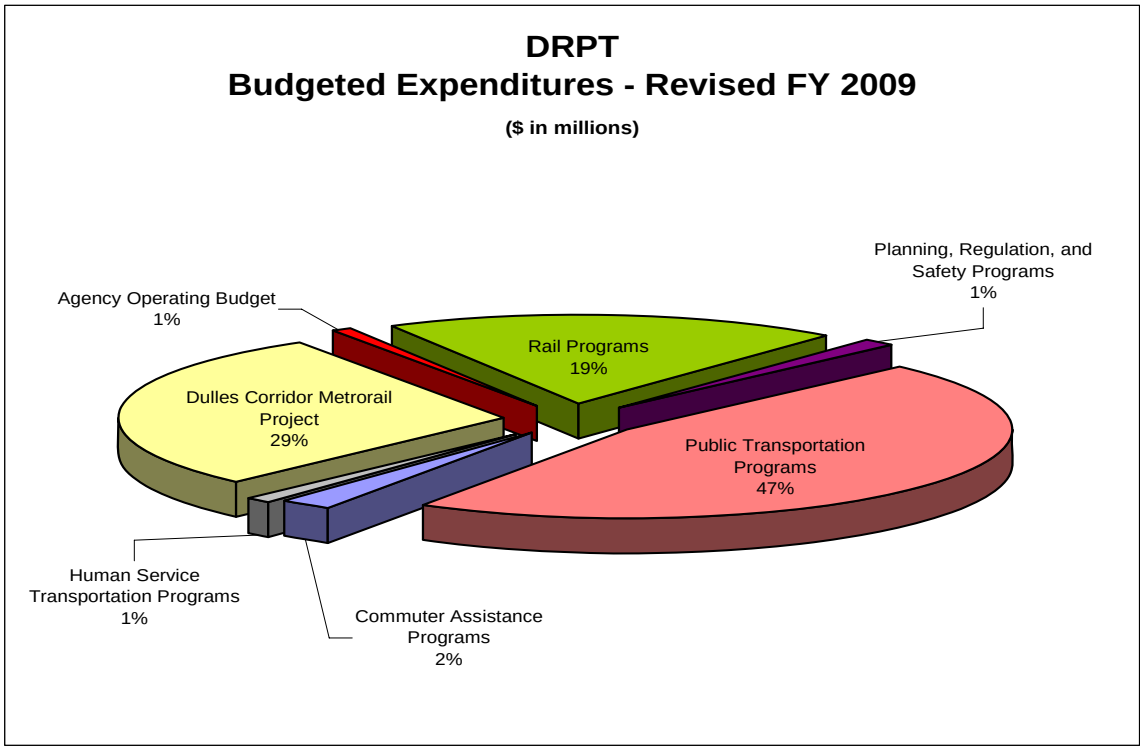
Sincerely,



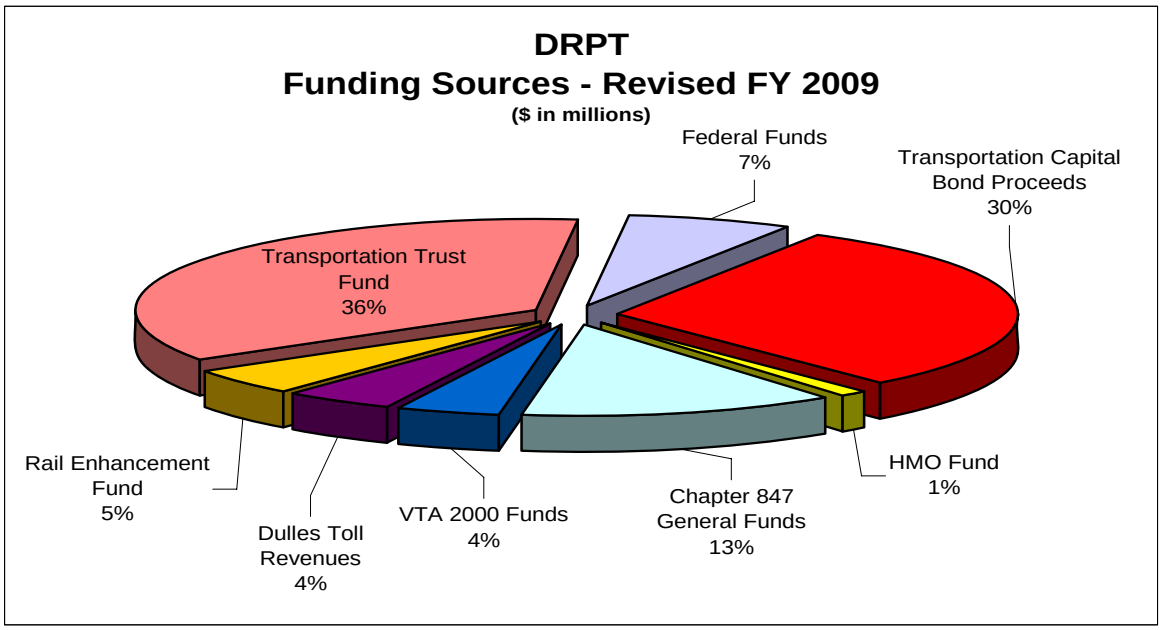
Charles M. Badger, Acting Director

DRPT ANNUAL BUDGET
REVISED FY 2009




DRPT
Budgeted Expenditures - Revised FY 2009
($ in millions)
Planning, Regulation, and Safety Programs 1%
Agency Operating Budget 1%
Rail Programs 19%
Dulles Corridor Metrorail Project 29%
Public Transportation Programs 47%
Human Service Transportation Programs 1%
Commuter Assistance Programs 2%

	Adopted FY 2008	Approved FY 2009	Revised FY 2009
Public Transportation Programs			
Operating Assistance [Notes 1, 2]	$ 111.8	$ 136.7	$ 126.0
Capital Assistance [Notes 1, 3]	82.9	103.4	102.2
Special Programs [Note 4]	13.6	9.2	8.2
Total	**208.3**	**249.3**	**236.4**
Rail Assistance Programs			
Rail Preservation Programs [Notes 1, 5]	4.0	3.5	3.5
Rail Enhancement Programs [Notes 1, 6]	47.8	65.2	63.0
Richmond-Washington HSR [Note 7]	19.1	30.6	30.6
Total	**70.9**	**99.3**	**97.1**
Dulles Corridor Metrorail Project [Note 8]			
Metrorail	312.4	285.6	140.4
Express Bus Service	6.6	6.6	6.6
Total	**319.0**	**292.2**	**147.0**
Commuter Assistance Programs [Note 9]	**12.6**	**10.7**	**10.5**
Human Service Transportation Pgm [Note 10]	**4.9**	**5.9**	**5.9**
Planning, Regulation, & Safety Pgm [Note 11]	**2.9**	**7.7**	**7.2**
Agency Operating Budget [Note 12]	**4.8**	**4.9**	**4.7**
Support to Other Agencies	**1.0**	**0.9**	**0.9**
Agency Total [Note 14]	**$ 624.4**	**$ 670.9**	**$ 509.7**



	Adopted FY 2008	Approved FY 2009	Revised FY 2009
HIGHWAY MAINTENANCE AND OPERATING FUND [Notes 11, 12]	**$ 5.5**	**$ 5.7**	**$ 5.4**
TRANSPORTATION TRUST FUND			
1986 Special Session Revenue (14.7%) [Notes 2, 3, 4, 10]	155.2	143.1	135.1
Recordation Tax [Notes 1, 2]	-	30.6	23.6
Transport. Efficiency Improvement Prgm (TEIF) [Note 9]	4.0	4.0	3.8
Rail Preservation Program [Notes 1, 5]	3.8	3.4	3.4
2005 Transportation Initiative - Reappropriation [Note 3]	10.0	-	-
Rail Enhancement [Notes 1, 6]	28.7	26.7	24.4
Special Programs - VDOT Transfers [Note 9]	8.6	6.7	6.7
State Match - SAFETEA-LU Earmarks [Note 3]	2.4	3.5	3.5
State Match - CMAQ / RSTP [Note 3]	3.3	4.6	6.4
Total	**216.0**	**222.6**	**206.9**
GENERAL FUND - Transit Capital and Rail [Notes 3,6]	**34.0**	**65.0**	**65.0**
BOND PROCEEDS - Transit Capital and Rail [Note 1,3,5,6,8]	**11.0**	**154.3**	**154.3**
FEDERAL REVENUE			
Flexible STP - Equity Bonus [Note 3, 13]	1.0	4.9	4.9
SAFETEA-LU Earmarks [Note 3]	-	0.4	0.4
Federal Transit Administration [Notes 2, 3, 10, 11]	118.1	118.4	19.4
Federal Railroad Administration [Note 7, 13]	-	9.2	9.2
Total	**119.1**	**132.9**	**33.9**
LOCAL REVENUES [Note 10]	**161.7**	**0.7**	**0.7**
TRANSFERS FROM OTHER AGENCIES			
DMV Transfers [Note 11]	0.1	0.1	0.1
VDOT - Dulles Toll Road Transfers [Note 8]	38.9	68.2	22.0
VDOT - VTA 2000 Transfers [Note 7]	38.1	21.4	21.4
Total	**77.1**	**89.7**	**43.5**
TOTAL SOURCES [Note 14]	**$ 624.4**	**$ 670.9**	**$ 509.7**

DRPT Footnotes to the FY 2009 Revised Annual Budget

(1) As a result of the 2007 Transportation Initiative, DRPT will receive new funding totaling $96.5 million in FY 2009 and an estimated $554.7 million over the next six years. The issuance of Commonwealth of Virginia Transportation Capital Projects Revenue Bonds will provide new funding totaling $60 million for transit capital and $12.9 million for Rail Programs in FY 2009. Chapter 896 of the 2007 Acts of Assembly dedicated $.02 of the state recordation taxes imposed pursuant to 58.1-801 and 58.1-803 to the Commonwealth Mass Transit Fund. This is estimated to provide $23.6 million of new funding for transit operations in FY 2009.

The budgeted amounts in this report only include anticipated expenditures for FY 2009 and sources to cover these anticipated expenditures. Therefore, budgeted amounts will not agree to allocations in the Six Year Improvement Plan (SYIP). For example, DRPT will allocate Transportation Capital Projects bond proceeds of $60 million (as authorized in Code of Va. Section 33.1-23.4:01) for transit capital in FY 2009, but only $25 million is expected to be expended during FY 2009. The differences between the FY 2009 SYIP allocations and budgeted expenditures are as follows:

Reconciliation of SYIP Allocations to Budgeted Expenditures

Total Six Year Improvement Plan Allocations	**$**	**768.6**
Dulles Metrorail Allocations Greater than Budget		(250.4)
Various Federal Funds Allocations with Grantee FTA Contracting		(64.6)
Transit Bond Allocations Greater than Budget		(35.0)
Rail Bond Allocations Greater than Budget		(8.6)
Prior Year Allocations in Current Year Budget		
2007 General Funds		65.0
VTA 2000 funds		21.4
Special CTB Allocation - April 2007		6.6
VDOT Allocations included in DRPT Budget		6.7
Total Budgeted Expenditures	**$**	**509.7**

(2) The budgeted expenditure line item entitled Public Transportation Programs - Operating Assistance increased by $14.2 million primarily due to the addition of Recordation Taxes as discussed in footnote 1. The activities budgeted in this line item consists of Mass Transit Trust Fund (MTTF) operating allocations of $110.0 million, $5.1 million of deobligated grant balances and DRPT administrative cuts, $9.5 million in federal assistance through the Federal Transit Administration (FTA) 5311 Rural Assistance program, and $1.4 million in federal assistance through the FTA Jobs Access and Reverse Commute (JARC) program.

DRPT Footnotes to the FY 2009 Revised Annual Budget (Continued)

(3) The budgeted Public Transportation Programs - Capital Assistance line item increased by $19.3 million primarily due to the expenditure of general funds authorized by Chapter 847, 2007 Virginia Acts of Assembly and the increased projected expenditure of bond proceeds in FY 2009 as compared to FY 2008, offset by the $10 million decrease in general fund reappropriation that existed in the prior year. The activities budgeted in this line item are $29.6 million of MTTF allocation, $30.0 million of general funds, $25.0 million of Transportation Capital Projects bond proceeds, $7.7 million of federal allocations, and $9.9 million in state matching funds.

(4) The budgeted expenditure line item entitled Public Transportation Programs – Special Programs decreased by $5.4 million for FY 2009. The activities budgeted in this line item consist of MTTF allocations of $1.6 million and $6.6 million of planned expenditures resulting from the special allocation of $11.3 million of MTTF by the Commonwealth Transportation Board (CTB) at its April 2007 meeting. These special allocation funds are residual balances from previous MTTF project allocations that were no longer needed by the grantee for the original purpose of the grant.

(5) The 2006 General Assembly passed legislation (Code of Va. Section 33.1-221.1:1.2) to establish the Shortline Railway Preservation and Development fund. The Fund was created to support the retention, maintenance, and improvement of shortline railways in Virginia and to assist with the development of railway transportation facilities. The source of funding for the Shortline Railway Preservation fund is the Transportation Trust Fund with a FY 2009 allocation of $3 million. The additional $0.5 million of planned expenditures is funded by projected FY 2009 interest revenue and Transportation Capital Projects Bond proceeds allocated by the CTB.

(6) The budgeted Rail Enhancement Program line item increased by $15.2 million in FY 2009 due primarily to scheduled payments of general funds authorized by Chapter 847, 2007 Virginia Acts of Assembly. The source of funding for the Rail Enhancement Fund is the state portion of vehicle rental taxes collected in the Transportation Trust Fund, estimated at $22.1 million for FY 2009. Additionally, this line item includes $1.8 million of projected FY 2009 interest revenue, $35.0 million of general funds, and bond proceeds of $4.1 million.

(7) The budgeted Richmond-Washington HSR line item increased by $11.5 million. This is primarily due to the execution of the two MOU projects for Fredericksburg to Hamilton Third Track and Alexandria to Franconia Third Track that will be built in FY 2009. The source of funding for this line item is $21.4 million of VTA 2000 funds. Additionally, DRPT has applied for Federal Railroad Administration funds of $9.2 million which will be utilized on these same projects when the federal award is received.

(8) The budgeted Metrorail line item decreased by $172.0 million. The Metropolitan Washington Airports Authority (MWAA) took over the operation of the Dulles Toll Road and in turn the management of the Dulles Corridor Metrorail Project on November 1, 2008. Therefore, federal and local expenditures will no longer be recorded by DRPT and are not reflected in the totals presented here. Also, Dulles toll revenues are now collected by MWAA. The source of funding for this line item is $22 million of Dulles toll revenues collected and paid prior to November 1, 2008 and $125 million of Transportation Capital Projects Bond proceeds.

DRPT Footnotes to the FY 2009 Revised Annual Budget (Continued)

(9) Commuter Assistance Programs includes the Transportation Efficiency Improvement Fund of $4 million from the Transportation Trust Fund. This amount was revised downward by $.2 million due to budget reductions. Additionally, $6.7 million in projects administered by DRPT with funding allocated through VDOT's Six-Year Improvement Program (Innovative Progress – Telework, RideFinders, TRAFFIX) is included in this Service Area.

(10) Human Service Transportation Programs include the $1.5 million allocation of MTTF for the paratransit capital projects and enhanced transportation services for the elderly and disabled, $2.8 million of FTA 5310 funding for vehicle purchases for providers of service to the elderly and disabled, $0.7 million of local match to the FTA 5310 funds, and $0.9 million of FTA New Freedom awards.

(11) The budgeted Planning, Regulation, and Safety Program line item increased by $4.1 million due to the allocation of 2.4 percent of the Mass Transit Trust Fund, Rail Enhancement Fund, and the Rail Preservation Fund to support costs of project development, project administration, and project compliance. Item 448 of Chapter 879 of the 2008 Virginia Acts of Assembly allows the CTB to approve up to a maximum of 3 percent per year of these funds for the purposes described herein. The major components of these budgeted expenditures for FY 2009 are as follows:

Consultant Embedded Staff/DRPT Staff	$	1,808,266
Finance Compliance Review Program		430,562
Transit Performance Review Program		350,000
Facility Oversight Program		237,615
Transit Development Plans		250,000
State Safety Oversight Program		375,000
Rail Program Support		250,000
Security Assessment Program for Transit Providers		100,000
Emergency Preparedness Guidebook for Transit Providers		100,000
Other Program and Project Management Initiatives		170,000
Total	$	4,071,443

Planning, Regulation, and Safety Programs consist of the Program/Project Management funds discussed above of $4.1 million, FTA 5303/5304 planning funds of $2.4 million and the related state match of $0.3 million, Virginia's annual payment of $0.3 million of HMO funds to the Washington Metropolitan Area Transit Commission (WMATC), and the Operation Lifesaver program transferred from DMV of $0.1 million.

(12) The agency operating budget of $4.7 million is funded by Highway Maintenance and Operating (HMO) funds. The program development, project administration, and project compliance budget is $4.1 million as detailed in footnote 11. When these two items are combined and the Dulles Corridor Metrorail Project budget is removed, as is expected in the very near future, the resulting DRPT operating budget represents 2.4% of the total funds administered by the agency.

(13) In order to provide comparative data to the FY 2009 budget, certain reclassifications were made to FY 2008 line items.

DRPT Footnotes to the FY 2009 Revised Annual Budget (Continued)

(14) The DRPT FY 2009 Budget has been revised to reflect decreases in revenue estimates and administrative budget reductions. Revenues of the Mass Transit Trust Fund support Public Transportation Programs and were revised downward by $12.9 million. Revenues of the Rail Enhancement Fund were revised downward by $2.2 million as indicated below. The Dulles Corridor Metrorail Project decreased because the Metropolitan Washington Airports Authority (MWAA) took over the operation of the Dulles Toll Road and in turn the management of the Dulles Corridor Metrorail Project on November 1, 2008. Therefore, federal funds of $99 have been removed from the totals below since they will be spent by MWAA, not DRPT. Also, budgeted Dulles toll revenues were reduced by $46.2 million to reflect the actual toll revenues paid to MWAA prior to November 1, 2008. The budgeted Commuter Assistance Programs line item decreased by $.2 million due to budget reductions. The budgeted Planning, Regulation, and Safety Program line item decreased by $.5 million due to revised revenue projections in the Mass Transit Trust Fund and Rail Enhancement Fund as well as administrative budget reductions. The Agency Operating Budget line item decreased by $.2 million due to reducing the Agency's maximum employment level (MEL) by two positions and eliminating a part-time position.

	Approved FY 2009	Revised FY 2009	Decrease
Public Transportation Programs			
Operating Assistance	$ 136.7	$ 126.0	$ (10.7)
Capital Assistance	103.4	102.2	(1.2)
Special Programs	9.2	8.2	(1.0)
Total	**249.3**	**236.4**	**(12.9)**
Rail Enhancement Programs	**65.2**	**63.0**	**(2.2)**
Dulles Corridor Metrorail Project	**285.6**	**140.4**	**(145.2)**
Commuter Assistance Programs	**10.7**	**10.5**	**(0.2)**
Planning, Regulation, & Safety Pgm	**7.7**	**7.2**	**(0.5)**
Agency Operating Budget	**4.9**	**4.7**	**(0.2)**